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12 September 1947

REVIEW OF THE WORLD SITUATION AS IT RELATES
TO THE SECURITY OF THE UNITED STATES

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States. Even the U.S.S.R., lacking the requisite naval and air forces, is incapable of direct attack upon the United States or of major military operations anywhere outside of the continents of Europe and Asia. The preponderance of readily available Soviet ground strength is such, however, that the U.S.S.R., at will, could speedily overrun continental Europe, the Near East, northern China, and Korea. If the U.S.S.R. were to exercise this capability, the ultimate danger to the United States would be even greater than that threatened by Germany and Japan, to avert which the United States willingly incurred the risk of war.

2. Soviet predominance in Eurasia is, for the present, less a matter of absolute strength than of relative immediately available strength. Only five years ago the Soviet Union was virtually "on the ropes"; it emerged from the war weakened rather than strengthened, in absolute terms. During the same period, however, the power of Germany and Japan was obliterated, that of France and of Italy was reduced to insignificance, and that of Great Britain was severely impaired. China also, no great power in 1937, is even more weak and disorganized in 1947. Thus the balance of power which restrained the U.S.S.R. from 1921 to 1941 has ceased to exist. The only effective counterpoise to the power of the Soviet Union, that of the United States, is both latent and remote. Consequently the U.S.S.R., despite its present weaknesses, enjoys an overwhelming preponderance of power at every

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3. Despite this advantage, the U.S.S.R. does not resort to open military aggression precisely because it fears that in doing so it would become engaged in a war with the United States ultimately disastrous to itself, whatever its initial successes. For the time being Soviet strength is simply not comparable to the strength which the United States could mobilize. The U.S.S.R. requires time for recovery and for further development of its vast potential strength before risking such a war.

4. The policy of the U.S.S.R., in these circumstances, is:

a. To avoid provoking a war with the United States, relying upon the disinclination of the United States to resort to war on its own initiative.

b. To build up its own strength, in absolute terms, by:

(1) Intensive reconstruction and industrial expansion, with particular reference to war industry.

(2) Intensive research and development (e.g., an atomic bomb, guided missiles).

(3) Development of naval and strategic air forces.

c. To preserve and augment, meanwhile, its relative predominance in Eurasia by:

(1) Maintaining its overwhelmingly preponderant ground strength.

(2) Consolidating its control of satellite and occupied areas.

(3) Preventing stabilization and recovery in other areas.

(4) Exploiting weakness and instability to extend its own influence and control by political and economic means (e.g., the Communist parties, Communist-controlled labor unions, timely shipments of grain, etc.)

d. To enhance its relative strength by undermining the strength and influence of the United States.

5. The economic dislocation, social unrest, political instability, and military weakness general in Europe and Asia are thus dangerous to the security of the United States in the opportunities they afford for the further extension of Soviet power and influence. On the other hand, stabilization and recovery in those countries would tend to redress the balance of power, curbing Soviet aggressiveness and stabilizing the international situation.

6. From the point of view of redressing the balance of power the major regions of Europe and Asia, outside of the Soviet sphere, are not of equal importance. Western Europe merits first consideration in terms of both urgency and potential value. The most highly developed of these regions, it is at once the most vulnerable to disorganization and the most favorable for the early development of potential power. It is also most accessible from the center of Soviet power, and reciprocally, best located for the eventual exertion of restraining pressure upon the Soviet Union. In Western Europe a severe and possibly decisive economic and political crisis now impends. Within the general area the most critical situations exist in the United Kingdom, France, Italy, and Germany.

7. The United Kingdom, supported by the British Commonwealth and Empire, was formerly a major stabilizing influence in world economy and the balance of power. In consequence of losses suffered in two World Wars the United Kingdom is no longer able to perform this function. In view of its critical economic situation, it must reduce drastically its overseas commitments and concentrate its effort upon achieving domestic recovery, with a consequent reduction of its power and influence abroad. While measures

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conducive to British recovery contribute to eventual stabilization of the

world situation, British overseas commitments are so extensive and important that there is danger that their precipitate liquidation will create a power vacuum prejudicial to security interests of the United States.

8. Defeat by Germany eliminated France as a major factor in the balance of power. The French economic situation is even more desperate than that of the United Kingdom and the French are less able to cope with it, in large measure because of the instability of the internal political situation. The ineffectiveness of coalition government increasingly encourages resort to arbitrary solutions and so is conducive to political extremes. The Communist Party is already strong in France; a swift economic collapse might well lead to its accession to power. A more gradual decline would probably favor a trend toward an authoritarian solution under the leadership of DeGaulle. Unless the event were more decisive than it is likely to be, it could well result in civil war between the Left and Right.

9. The Italian economic situation also is desperate and the political situation unstable, for reasons similar to those obtaining in France, with an even greater possibility of Communist accession to power in the event of economic and political collapse. *+ Yugoslavia*

10. In Germany acute economic distress is aggravated by continued partition and consequent uncertainty regarding the future of the nation. The resultant despair is conducive to unrest and favorable to Soviet penetration and influence.

11. As a region, the Near and Middle East is of second priority in point of both urgency and importance (but within this general area the situation in Greece is of great importance and the utmost urgency). The region's human and material resources are inadequate for the development of a significant power potential, but the petroleum of the Persian Gulf area is

of vital importance. In terms of strategic location, the region has value both as a barrier to Soviet expansion and as a potential base from which power, developed elsewhere, could be brought to bear on the sources of Soviet strength, outflanking the Soviet position in Central Europe.

12. In Greece the U.S.S.R. is in actual process of taking over a major portion of the country by force of arms, acting indirectly through Communist led guerrillas supported by the Balkan satellite states. The Greek Government is apparently unable to cope with this threat. At any time armed intervention may prove necessary to prevent its collapse and to restore the front.

13. The Soviet effort to penetrate Iran is still being conducted by political and economic means. Iranian refusal of an oil concession to the U.S.S.R. (until recently probable) would provoke a strong Soviet reaction, including a renewal of subversive activity, though probably not an overt Soviet intervention. If, discouraged by the contradictory attitudes of the United States and the United Kingdom, Iran should grant the concession, Soviet penetration would be facilitated.

14. In contrast to Greece and Iran, Turkey is not susceptible to Soviet penetration. Turkey may be expected to remain firm in any circumstances, but could not be expected to withstand for long a full scale Soviet attack.

15. The Far East is of only third priority in this reckoning, even though the situation is critical in both China and Korea. The human and material resources of China, in particular, are vast, but undeveloped and remote from the power centers of both the United States and the U.S.S.R. It is impossible that either the United States or the U.S.S.R., given the opportunity, could develop them as a significant factor in the balance of power within any period of present concern. It is unlikely that the U.S.S.R. will invest any more effort in this quarter than is necessary to neutralize

the influence of the United States, and unprofitable for the United States to attempt more than to check the Soviet Union. In any event, the Pacific, under secure United States control, remains as a further safeguard.

16. There is no prospect of an early solution of the political and economic problems of China. Neither the National Government nor the Chinese Communist Party is capable of obtaining a military decision, nor is it possible to pacify the country by political means. The economic situation, normally bad, is rendered increasingly acute by astronomical inflation; no solution is in sight. The best prospect is for a prolonged stalemate; the worst, for further disintegration.

17. The stalemate in Korea can be broken only by yielding to terms which would in effect surrender that country as a satellite. United States efforts to make the best of the status quo must be conducted in the face of persistent Soviet subversive activity and propaganda pressure.

18. In contrast, the political situation in Japan is well in hand, although the economic situation is difficult.

19. A fourth general area of concern is the belt of colonial (or former colonial) territories extending across southern Asia and northern Africa. From Indonesia to Morocco this area is disturbed by resurgent native nationalism and communal strife, affecting adversely the economic and political interests of the several European powers (the United Kingdom, France, and the Netherlands) hitherto accustomed to depend on its resources. Armed conflict exists between natives and Europeans in Indonesia and Indochina, and between native communities in India and Pakistan. Between Britain and Egypt the matter is one of international dispute. Unrest is widespread in French North Africa. None of these situations bears promise of early stabilization. There is a consistent tendency to bring them before

In these situations the humanitarian principles of the United States are in apparent conflict with its interest in the rehabilitation of Europe on a cooperative basis. The area is remote from the U.S.S.R. and not subject to direct Soviet aggression, but the U.S.S.R. is capable of exploiting these situations to create dissension to undermine the strength of European states, and to discredit them and the United States.

20. The case of Palestine is similar, but fraught with peculiar difficulties. Zionist leadership, taking advantage of widespread humanitarian sympathy with the surviving Jews of Europe, is pursuing its objective without regard for other consequences. The Arab reaction is bitter and potentially violent. Arab solidarity and goodwill, strategically important in support of stability in the Near and Middle East, is thereby jeopardized. Partition as proposed to the United Nations, satisfies minimum Jewish demands, but will be bitterly resisted by the Arabs.

21. In Latin America Soviet objectives are limited and negative: to undermine the influence of the United States and to be able to deny to the United States material support from Latin America in the event of future conflict. The U.S.S.R. has achieved some success in the development of native Communist parties and of Communist leadership of key labor unions. With the conclusion of the Treaty of Rio de Janeiro, however, United States interests in Latin America appear to be reasonably secure.

22. Recapitulation.

a. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States.

b. The U.S.S.R. is presently incapable of military aggression outside of the continents of Europe and Asia, but is capable of over-running continental Europe, the Near East, northern China and Korea.

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c. The U.S.S.R. does not exercise this capability for fear of becoming engaged in a war with the United States ultimately disastrous to itself.

d. The policy of the U.S.S.R., for the time being, is to avoid war, to build up its own war potential, to maintain and augment its present preponderance of strength in Eurasia, and to undermine the strength and influence of the United States.

e. The weakness and instability general in Europe and Asia are dangerous to the security of the United States as opportunities for the further extension of Soviet power and influence.

f. Stabilization and recovery in Europe and Asia would tend to redress the balance of power and restrain the U.S.S.R.

g. From this point of view the order of priority, in terms of urgency and importance, is

- a. Western Europe.
- b. The Near and Middle East.
- c. The Far East.
- d. The colonial (and former colonial) areas of southern Asia and northern Africa.

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REMARKS:

Mr. Lumbague would
like to discuss this
with you.

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